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CITY OF GREENVILLE

POLICY NO. HR-7

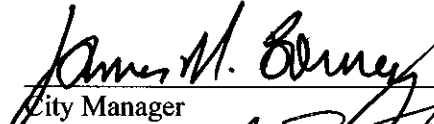
DATE: June 1, 2008

SUBJECT: Compensation Administration and Salary Grade Structure

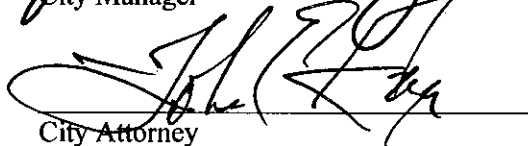
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APPROVALS:



City Manager



City Attorney



Human Resource Director

I. Purpose

The purpose of the City's pay system is to attract, retain, and motivate employees through the payment of financial compensation that is commensurate with the individual's ability, responsibility, and contribution toward the City's goals. The purpose of this policy is to disseminate the procedures used by the City to establish, administer and maintain a competitive compensation program.

II. Scope

This policy applies to all classified employees of the City of Greenville.

III. Policy

It is the policy of the City of Greenville to maintain a current, competitive compensation program for all City positions, including the following features:

1. **Total Compensation:** The City will provide total compensation opportunities of direct pay, indirect pay (e.g. employee benefits), and career opportunities that are competitive with the total compensation opportunities offered by its competitors for employees.
2. **Salary Structures:** Each classified position in the City will have a salary range, defined by minimum and maximum dollar limits, which defines the pay opportunities for the job. The City's intent is that each employee be paid within the salary range of his/her job. This pay range is built around the midpoint, or market rate, for the position. In keeping with the City's competitive pay philosophy, salary ranges shall be periodically adjusted such that the midpoints will reflect actual market salaries being paid by employers with whom the City competes for employees.
3. **Job Descriptions:** Each job in the City will have a written Job Description. The Job Descriptions should be reviewed at least annually and updated if necessary.
4. **Job Evaluation:** Each job in the City will be placed in a salary grade, with an accompanying salary range, on the basis of a job evaluation utilizing a point-factor system, or, in the case of police and fire uniformed positions, on the basis of rank and market pricing.
5. **Administration:** Administration of the compensation system will be under the direction of the Human Resource Director and managed by the Compensation Manager, and assisted by a Compensation Committee comprised of the following standing members: H.R.

Director, Compensation Manager, Budget Administrator, Assistant City Attorney; and ad hoc member(s), the Department Head(s) of particular position(s) being evaluated.

It shall be the responsibility of the Human Resource Director and the Compensation Manager with assistance and feedback from the Compensation Committee, to:

- A. Recommend changes in the City's basic philosophy, objectives, and/or policy regarding compensation, while ensuring compliance with all relevant laws and regulations;
- B. Ensure that job descriptions are current and accurate;
- C. Review requests for reclassifications, re-grades, equity adjustments, and job evaluations and ensure that evaluations and adjustment recommendations are made in an equitable and timely manner;
- D. Recommend to Budget Administrator, for annual budget development, suggested percentages for performance salary increases and, if indicated, for cost of labor salary structure adjustments; and
- E. Ensure that Salary Administration Guidelines are implemented and periodically updated.

IV. Procedures

A. Job Descriptions and Job Description Questionnaires

All Job Descriptions will be prepared from a Job Description Questionnaire (JDQ) and will follow the standard format adopted by the City. Department Heads and/or Managers are responsible for periodically reviewing job descriptions within their area for accuracy. If updates or modifications should be made, these should be made collaboratively between the Department Head/Manager and the Compensation Manager. If the edits are substantial, a Compensation Committee meeting will be scheduled. The Job Description is not meant to be restrictive nor all-inclusive, but describes the major functions of a position. The main purposes of the Job Description are to:

- 1. Serve as a means of communication between supervisor and employee to clarify the responsibilities and expectations of the job;
- 2. Serve as a main input, along with the JDQ, to the evaluation of the job into a salary grade;
- 3. Serve as a benchmark for salary surveys;

4. Serve as the main criterion for the appraisal of an incumbent's performance; and
5. Identify the minimum qualifications, knowledge, skills, and abilities needed for the purposes of recruitment, selection and training.

A current copy of all JDQs and Job Descriptions will be maintained by the Human Resource Department.

B. Job Evaluation

The City recognizes that the requirements of jobs periodically change. The classification of jobs through job evaluation is the process the City uses for determining the relative worth of all jobs in the City, with the exception of Police and Fire Department uniformed positions. Police and Fire uniformed positions have an established ranking order that defines internal equity considerations. All other jobs will be evaluated and placed in a salary grade using a custom point-factor evaluation system developed for the City's specific needs.

C. New (Unbudgeted) Positions

In order to secure the addition of a new unbudgeted position during the budget year, the following steps must be completed:

1. The hiring Department Head will prepare a completed job description questionnaire (JDQ) and draft job description, along with a job justification, and recommended salary range for submission to City Manager. This information packet will define the necessity for the added position and detail the proposed funding method. This package and recommendation along with a completed Personnel Requisition (See HR-3, Exhibit A), will be routed first to the Human Resource Director and to the Budget Administrator who will review the supporting documentation and add their recommendations, then send it to the City Manager for approval.
2. The City Manager will make the final decision to approve, or not approve, the new position and its funding arrangement; if approved, the City Manager shall signify such approval by signing the Personnel Requisition and returning the package to the Human Resource Director or Compensation Manager. The Compensation Manager will convene the compensation committee, who will evaluate the position and assign an appropriate salary grade and pay range based on the job's total evaluation points, double cross-checked for external equity with the marketplace, and internal equity with other City positions.

3. Once evaluated by the Compensation Committee, the Compensation Manager will add the newly created position to the H.R. HTE. Position Control System and the EEO/Employment Administrator will begin advertising and recruitment for the new position.

D. Vacant Budgeted Positions:

Vacant, but already budgeted, positions, unless otherwise directed by the City Manager, may be filled at the discretion of the Department Head. Unless the position is filled from within the department by an internal "line-of-progression" promotion, the hiring department will submit a completed "Personnel Requisition" (See HR-3, Exhibit A), to the Human Resource EEO/Employment Administrator for internal posting, and, if necessary, for external recruitment advertising. The Department and Human Resources will review the existing Job Description Questionnaire (JDQ) and Job Description to ensure they are accurate. Any needed updating will be completed before the EEO/Employment Administrator begins recruitment in accordance with HR-3.

E. Reevaluations, Reclassifications, Regrades

1. Reevaluation is the reassessment of the compensable worth of a position to the City. It is calculated as an accumulation of "evaluation points". Higher job requirements for each compensable factor in the evaluation system will generate more evaluation points. Reevaluation of a budgeted position may be requested by a Department Head if, at any time, the knowledge, skills and ability requirements and duties of a position have changed significantly enough to potentially change the compensable worth of the position. Reevaluation requires the submission of an updated job description questionnaire (JDQ) reflecting such changes to the Compensation Manager. A reevaluation may increase or decrease the salary grade of a position, or, leave the salary grade unchanged.
2. Reclassification is the assignment of a new job title and job code because the essential functions of a position have changed significantly. A new job description questionnaire (JDQ) must be completed and the position will be reevaluated by the Compensation Committee. Salary grade may increase, decrease, or remain the same.
3. Regrade is the reevaluation of an existing position to a higher or lower salary grade where the essential functions of the position have not changed substantially, but where the scope of responsibility, or accountability, hence the required knowledge, skills and abilities may

have changed, or where errors have been discovered in past evaluations. A regrade may also be considered by Human Resources when the market value of a position has substantially changed its compensable worth.

F. Starting Salaries for New Employees

New employees without significant relevant experience shall normally be compensated at the minimum of the approved salary grade for the job. However, in circumstances where a new employee offers exceptional qualifications, extraordinary relevant work experience, possesses an unusual skill level, or when market conditions or specific job duties require compensation above the minimum of the range, the following guidelines apply:

	<u>If Starting Salary is...</u>	<u>It requires the approval of...</u>
1)	Within 1st Quartile of the Pay Range:	Department Head Only
2)	At or above 2nd Quartile of Pay Range, up to Mid-point:	Department Head, and Human Resource Director.
3)	Above the Mid-point of the Pay Range:	Department Head, Human Resource Director, and City Manager.

In all cases:

- * The starting salary must be at least at the minimum of the salary range for the position.
- * All starting salaries and other terms of offer must be coordinated with H.R.
- * A starting salary above the minimum of the range must be justified and documented for placement in the new employee's personnel file.

G. Changes to Employees' Salaries

Employee's salaries may change during the year for one or more reasons which are discussed below. The annual budgeting process anticipates these changes which must be controlled and kept within the limits of anticipated available revenues.

The two factors that have the greatest potential impact on growth of overall salary dollars are 1) annual performance-based merit increases, and 2) salary structure adjustments.

Each year the H.R. Department will confer with the Budget Office to determine the total projected revenue dollars available for salary increases. The H.R. Department will then recommend, based on labor market research, what percentage of those salary increase dollars should be allocated to adjust the overall salary structure, and what percentage should be allocated to Performance-based Merit Increases. Annually, the City Council must approve the total salary budget for the upcoming year; and the City Manager will approve the relative percentages allocated to salary structure adjustments and to performance-based merit increases.

1. Performance-Based Salary Increases

Performance-based salary increases (merit raises) will be given to reward and encourage individual employee performance. All employees with a year or more of service will receive a performance appraisal and merit raise, annually, on October 1st of each year; employees with less than one year will receive their first annual performance appraisal and merit raise on the first anniversary of their employment. Their second merit review will be pro-rated from that anniversary date to the following October 1st. Thereafter, merit raises shall be awarded each October 1st. Such increases shall be given as a percentage of the employee's actual base salary and must comply with the performance merit pay guidelines established by the H.R. Director and the City Manager within the total budgeted amount approved by City Council. The City reserves the right to establish the amounts of annual merit raises from year-to-year including the right to forego annual merit raises.

If an employee is at or above the maximum of his/her salary grade, the employee will receive a base pay increase to reach the maximum of the range and a lump-sum payout for any additional amount remaining above the maximum. This prevents an employee's base salary from exceeding the top of the range.

2. Salary Structure Adjustments

Annually, the Compensation Manager conducts a benchmark analysis of selected positions within the City. In this process, the competitiveness of the current salary range is

compared with comparable city governments and/or competing local/regional companies. When looking at structures, market is indicated by the range's midpoint.

During the normal budget process, the Human Resource Director, with the assistance of the Compensation Manager, is responsible for assessing the need for adjusting the City's salary structure (i.e. the City's minimums, midpoints, and maximums of each pay grade) based on movement, or lack of movement, in the marketplace. The Compensation Manager will analyze current salary survey data to determine the City's relative position to the market. If the City's salary structure is found to be below comparable markets, an increase in the salary structure(s) will be recommended. If the survey shows that the City's ranges are competitive with comparable markets, no salary structure adjustment will be recommended.

If a salary structure adjustment is warranted and approved by the City Manager, each pay grade's minimum, midpoint, and maximum will be adjusted by the specified amount (different pay structures may be adjusted by different percentages depending on the market). At this time, any employee whose base pay falls below the new minimum will receive an increase to bring them within the new base pay range for that pay grade. Pay structure adjustments keep the City's structures competitive in the market. If an employee is already in the new pay range, they do not receive a pay rate change; however, the employee will have more growth potential due to the increase in the maximum of the range.

Employees new to a position or grade will generally be paid below the midpoint. Employees who are tenured in a position, contributing additionally, or who hold valuable institutional knowledge will typically be paid above the midpoint.

3. Promotions

A promotion is defined conceptually as the assumption of job duties and responsibilities that are higher in character and scope than in the previous position. For the purposes of compensation administration, a promotion occurs when the new job is of a higher pay grade than the prior job.

A promoted employee shall be paid at least the minimum salary of the new range for the position. Promotional pay increases generally range up to ten percent (10%) within the limits of the pay range for the job, (or the minimum of the new range, if greater than 10%) and follow the same approval guidelines as for new starting salaries in Section F. Upon a promotion, the promoted employee's annual performance review date will not change.

4. Demotions

A demotion is the opposite of promotion. A demotion is when an employee's job duties and responsibilities are diminished in character and scope and the new job is in a lower salary grade than the prior job.

A demoted employee may not be paid above the maximum salary of the range for the new lower-rated position to which he/she is demoted. A demoted employee will normally receive a decrease in pay up to 10% of base salary, or a decrease to the maximum of the lower salary range, whichever decrease in salary is greater. Decreases in salary greater than 10%, for reasons other than reaching the maximum allowable salary for the lower rated job, require the approvals of the Department Head and Human Resource Director.

5. Transfers

Employees whose jobs are reclassified, or who are transferred to another job classification, in the same pay grade will not normally receive a change in pay.

6. Position Regrades

Employees whose jobs are reclassified and/or regraded to a higher pay grade will receive at least the minimum salary of the new pay grade. If their salary already falls within the salary range of the higher pay grade, they may receive a pay increase provided the proper approvals are obtained as outlined in Section F. Employees whose positions are reclassified and/or regraded to a lower pay grade will not be given a downward pay adjustment unless their salary falls above the maximum of the new lower pay grade. In that case, the employees' pay will be adjusted downward to the maximum salary of the range for the new pay grade.

7. Equity Adjustments

Internal equity deals with perceived worth of a job relative to other employees within the same classification. It can also reflect the perceived worth of a job relative to other jobs in the organization. When individual cases of internal inequity are detected by a department, the respective Department Head may request an equity review by the Compensation Manager of the employee's pay. The Human Resources department will also conduct periodic audits of internal equity concerns as necessary. The Human Resource Director can approve adjustments up to 5% of base pay; any adjustment greater than 5% requires City Manager approval.

8. Bilingual Compensation

It is the policy of the City to compensate its eligible bilingual employees who serve as translators for their respective departments. It will be the responsibility of each department to identify their need for translators and how many employees they will compensate to meet that need. Once the need is identified, the department will post the opening for a translator following the same procedure used in lateral transfers. Employees that are fluent in that language and interested in translating for the department should contact their supervisor for consideration.

The City will use a Third Party Administrator (TPA) for the purpose of conducting bilingual proficiency testing and establishing a minimum proficiency level to receive bilingual compensation. The Compensation Manager will be responsible for maintaining a list of TPA's and will serve as the liaison between the department and the TPA. Once the department has contacted the Compensation Manager and submitted their list of employees to be tested, the Compensation Manager will contact the TPA and arrange for testing. Upon completion of the proficiency testing, the Compensation Manager will report the test results to the department for the purposes of determining which employees are to receive bilingual compensation. Employees that pass the proficiency testing, and are selected to receive bilingual compensation, will receive a 5% increase to their base pay. Should the department decide to remove the employee from their list of translators; the employee's base pay will be reduced by 5%.